

CITY COUNCIL MINUTES

January 7, 2013

The Honorable Council of the City of Evansville met on regular session at 5:30 p.m. on Monday, January 7, 2013 in the City Council Chambers, Room 301 Civic Center Complex, Evansville, Indiana, with President Connie Robinson presiding. The following business was conducted.

These minutes are not intended to be a verbatim transcript. Audiotapes of this meeting are on file in the City Clerk's Office.

ROLL CALL:

Present: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson.

There being nine (9) members present and zero (0) members absent and nine (9) members representing a quorum, I hereby declare this session of the Common Council officially open.

PLEDGE OF ALLEGIANCE

This evening the pledge of allegiance will be led by Councilman Weaver.

President Robinson: Fellow Councilmen and those in the audience, welcome to the January 7, 2013 meeting of the Common Council.

RECOGNITION OF SCHOOLS

TEEN ADVISORY COUNCIL

Michaela Karcher and Lexie Schue

COUNCIL ATTORNEY

Scott Danks is the City Council Attorney.

SERGEANT AT ARMS

Officer Holder is the Sergeant at Arms this evening.

READING AND AMENDMENT OF MINUTES

Is there a motion to approve the minutes of the December 10, 2012 and the December 17, 2012 meetings of the Common Council as written?

Councilwoman Mosby moved and Councilman O'Daniel seconded the motion to approve the minutes of the regular meetings of the Common Council held December 10, 2012 and December 17, 2012 as written. Voice vote. So ordered.

REPORTS AND COMMUNICATIONS

IN YOUR JANUARY 4TH PACKET:

- *City Council Meeting Agenda for January 7, 2013.
- *City Council Meeting Minutes dated December 10 and December 17, 2012.
- *Evansville Redevelopment Commission Minutes dated December 4 and December 18, 2012.
- *Letter to Council from Attorney Les Shively regarding Medic On-Site Services.
- *2013 Meeting Schedule for Department of Metropolitan Development.
- *Resolution Dockets C-2013-1 and C-2013-2.

ON YOUR DESK THIS EVENING:

*Financial Report for October, 2012.

*A letter for City Council from Sue Ann Hartig, Staff Attorney for Legal Aid.

President Robinson: Do I have a motion to receive, file and make these reports and communications part of the minutes of the meeting?

Councilman Friend moved and Councilman O'Daniel seconded the motion to receive, file and make these reports and communications a part of the minutes of the meeting. Voice vote. So ordered.

NOMINATION AND ELECTION OF OFFICERS FOR 2013

President Robinson: I now call for nominations of officers for the Year 2013.

Council member O'Daniel moved to nominate Council member Robinson for President of the City Council for the Year 2013. Council member Adams seconded the motion.

President Robinson: Are there any other nominations for President? If not, I need a motion to close the nominations for President.

Council member O'Daniel moved to close the nominations for President. Council member McGinn seconded the motion to close the nominations for President. Voice vote. So ordered.

President Robinson: There being no further motions for President, I call for a vote to elect Council member Robinson as President of the City Council for the Year 2013. Voice vote. There being eight (8) ayes and one (1) nay, Councilmember Robinson now stands as President of the City Council for the Year 2013.

President Robinson: I now ask for the nominations for Vice-President of the City Council for the Year 2013.

Council member Friend moved to nominate Council member Adams for Vice President of the City Council for the Year 2013. Council member McGinn seconded the motion.

President Robinson: Are there any other nominations for Vice President? If not, I need a motion to close the nominations for Vice-President.

Council member Friend moved to close the nominations for Vice-President of the City Council for the Year 2013. Council member Lindsey seconded the motion to close the nominations for vice president. Voice vote. So ordered.

President Robinson: There being no further motions for Vice-President, I call for a vote to elect Council member Adams as Vice-President of the City Council for the Year 2013. Voice vote. There being eight (8) ayes and one (1) nay, Councilmember Adams now stands as Vice-President of the City Council for the Year 2013.

COMMITTEE CHAIR APPOINTMENTS

President Robinson: A.S.D. Committee Chair. I've never had such a difficult time trying to make appointments; everyone wants to be appointed and I think that's great that we all want to participate and be part of this. This is definitely my last year as president and I think everyone needs to experience the presidency just like every needs to experience all the different Committee Chairs.

I've talked to...you know I'm a straight-forward individual, I've talked to several people and I've promised several people that I would make them A.S.D Chairman. So, you know...and I had a meeting a few...before I came in here I had a meeting with Dr. Adams and we came to the consensus that we seem to think that we need to rotate all of these positions. I also talked to the attorney, Scott Danks, to see if we could do anything like a Chairman and then a Vice-Chairman. He was unaware. He didn't know if we could do that because we've never ran into this issue before.

So I decided to take a ...and I don't even know if we...can we do six months at a time for one individual? Can we divide it up?

Counsel Danks: (*Inaudible*) out of the City ordinances and frankly I'm not...I happened to review those over the weekend but I didn't know that question would come up tonight. (*Inaudible*) I do think they are one-year appointments.

Councilman Adams: Yeah, I don't think you can do six-months appointments from what I remember of the regulations.

Counsel Danks: Whether you can have a co-chair, I don't know. I don't recall reading that in the ordinance, anything about a co-chair but...

Councilman Adams: Well maybe we could do it a year from now.

Counsel Danks: I'm sorry?

Councilman Adams: Maybe we can do that a year from now.

Councilman McGinn: We can always amend the ordinance.

Counsel Danks: You can always amend the ordinance.

Councilman O'Daniel: We could always amend the ordinance but I think a co-chair is a bad idea. I think there ought to be one point person in each committee at this point. If anything just for...just for somebody you can go to. I think if you start diluting that it gets difficult.

President Robinson: Okay, okay then. Did you have a comment Dr. Adams?

Councilman Adams: No, I agree.

President Robinson: Okay Committee Chairs:

Administration/Safety/Development (A.S.D.) Committee Chair: Councilwoman Riley

Public Works Committee Chair: Councilman O'Daniel

Finance Committee Chair: Councilman John Friend

Finance Subcommittee Chair of Youth Sports Grants Chair: Councilwoman Mosby

Finance Subcommittee Chair of Youth Leadership Grants Chair: Councilman Lindsey

Councilman Weaver: You just named all of them? Is that what just happened, you named all....

President Robinson: Yeah. You want me to recall...you want me say them again?

Councilman Weaver: Yes please.

President Robinson: Okay. A.S.D. Committee Chair, Councilwoman Riley; Public Works Committee Chair, Councilman O'Daniel; Finance Committee Chair, Councilman Friend; Finance Sub-Committee Chair of Youth Sports Grant, Councilwoman Mosby; Finance Sub-Committee Chair of Youth Leadership Grant, Councilman Lindsey.

Councilman Weaver: Thank you Madam President.

City Council Meeting Times for the Year 2013

President Robinson: I need a motion to the meeting times for the year 2....

President Robinson: I think I'll let each one of those individuals...we have not appointed...we need five individuals on each committee. We'll get to that next week.

City Council meeting time for the year 2013. We had some...I circulated an email about changing the time. I heard back from some people and some people I did not hear back from so we are going to go ahead. Councilwoman Mosby made a good suggestion, also Councilman McGinn, about making sure that the time is convenient for the constituents and to go ahead and keep it at 5:30. Hopefully, Councilman Friend's Finance Committee doesn't last three or four hours and we can all get out of here at a decent time. I need a motion to set the meeting time for the year 2013.

Councilman Adams moved and Councilman Weaver seconded the motion to meet at 5:30 p.m. on every Monday of the month of the Year 2013 unless it falls on a City recognized Holiday or a Fifth Monday of the month. Voice vote. So ordered.

CONSENT AGENDA

FIRST READING OF ORDINANCES OR RESOLUTIONS

Nothing was filed for First Reading

CONSENT AGENDA

SECOND READING OF ORDINANCES OR RESOLUTIONS

Nothing scheduled for Second Reading

REGULAR AGENDA

THIRD READING OF ORDINANCES AND RESOLUTIONS

Nothing scheduled for Third Reading

RESOLUTION DOCKET

RESOLUTION (DOCKET) C-2013-1

COUNCIL AS A WHOLE

Resolution Authorizing the City of Evansville, Indiana to Execute and Deliver a First Supplemental and Amendatory Loan Agreement in Connection with its Economic Development Revenue Bonds Series 2011A through 2011E and Approving and Authorizing Other Actions in Respect Thereto

President Robinson: Is there a motion to adopt Resolution Docket C-2013-1?

Councilman O'Daniel moved and Councilman Friend seconded the motion to adopt Resolution Docket C-2013-1 and call the roll

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Resolution Docket C-2013-1 is hereby declared adopted.

RESOLUTION (DOCKET) C-2013-2

COUNCIL AS A WHOLE

A Resolution in Support of the Victims of the Sandy Hook Elementary School Incident of December 14, 2012 and the Citizens of Newtown, Connecticut.

President Robinson: Is there a motion to adopt Resolution Docket C-2013-2?

Councilman Weaver moved and Councilwoman Mosby seconded the motion to adopt Resolution Docket C-2013-2 and call the roll.

Councilman Adams: Madam Chairman, I just wanted to make a comment. I wanted to thank Councilwoman Mosby for bringing this up because I think it's a timely issue and I think it will be appreciated on the other end of it.

President Robinson: Thank you, yeah.

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Resolution Docket C-2013-2 is hereby declared adopted.

MISCELLANEOUS BUSINESS

President Robinson: There will be a regular City Council meeting next Monday, January 14, 2013 at 5:30 p.m.

BOARD APPOINTMENTS

President Robinson: I did not receive any names. Did anyone have a chance to look over the board appointments that are expiring?

Councilman O'Daniel: Did all those folks who have expiration dates, did they express a willingness to serve again?

President Robinson: I heard...of course we heard from Stan Wheeler, Jay Carter and I heard from Reverend Adrian Brooks. Those are the only three people that I heard from.

Councilman Adams: Madam Chairman, I didn't know I was still on the Social Status committee.

Councilman O'Daniel: I am.

Councilman Adams: Are you? Oh, okay, it's just listed here.

President Robinson: Yeah, I think that was a mistake. Conor is on there.

Councilman Adams: Okay, great.

President Robinson: I guess what we need...I'm sure...

Councilman Adams: Can you send us a list of what the vacancies are because I'm kind of confused as to what you're...what committees have gaps and what people might be the best fit for. I've got a couple of ideas but...

President Robinson: Okay, because I think we have some appointments on the Historic Preservation. I don't see that on here and I think that it might be up for appointment from the Historic Preservation and then also, the mayor...pardon?...okay, I thought...the mayor has his appointments that need to come before us for our approval and I don't know if...did you have those tonight? Okay, we need to find out...

Councilman Adams: Seriously, could you send us what the committee is and what...

Councilman Weaver: Aren't the ones highlighted in yellow the ones that are vacant, basically, unless you reappoint us?

Councilwoman Brinkerhoff-Riley: Yes, the ones highlighted are *(Inaudible)*

Councilman Weaver: I mean Madam President, I'm still interested in the WNIN board and the Greenway, the Pigeon Creek Greenway Advisory Board, if that's okay with you.

President Robinson: Yeah, yeah, are you still...thank you. Okay, Councilman Weaver, I think he was talking about the board appointments too, not the individual City Council appointments, but you want to stay on the Greenway and everything that you are currently on, and you want to stay on.

Councilman Weaver: Yes please.

President Robinson: Okay. Councilman Adams, you wanted to stay on the Area Planning Commission and Councilwoman Mosby, we've been trying to find somebody for Central Dispatch because that interferes with your work schedule, doesn't it?

Councilman Weaver: No, I was on that. I filled in this year for Councilwoman Mosby so...

President Robinson: Okay, so you want to stay...did you want to stay on that?

Councilman Weaver: Yes please.

President Robinson: Okay.

Councilwoman Mosby: It's the Solid Waste Board that I cannot attend...

President Robinson: Oh, I'm sorry.

Councilwoman Mosby:...and there is a meeting tomorrow night, tomorrow at 4:00

President Robinson: Oh, okay. That's the Solid Waste Board. Do we have anybody for the Solid Waste Board? Councilwoman Mosby can't attend; the meetings are in the afternoon.

Councilman O'Daniel: *(Inaudible)*

President Robinson: Okay, Conor.

Councilwoman Mosby: *(Inaudible)*

President Robinson: Okay. Can I have a motion to accept, to reappoint Councilman...oh I'm sorry, not Councilman but Stan Wheeler and John Carter to the Redevelopment Commission?

Councilman Weaver: So moved

Councilman O'Daniel: Second

President Robinson: Okay. All in favor say aye. Thank you. Thanks again Stan.

Okay, also now I need a motion to reappoint Rev. Adrian Brooks to the Police Merit Commission.

Moved by Councilman Friend, seconded by Councilwoman Mosby. Voice vote. So ordered.

And Marty Friend to the Mesker Park Zoo and Botanical Gardens Advisory Board, she expressed an interest to stay on there. Can I have a motion?

Motion by Councilwoman Riley, second by Councilman Weaver. Voice vote. Okay.

And then we'll just have to...we'll see about the rest of them.

I think we have also under Miscellaneous, I think we have someone here, Dan from Umbaugh, to give us a report. They said a short report; they want to watch the game.

Dan Hedden: I've been asked to limit my comments to about ten minutes, which is usually very difficult for me so I will do my best.

Most of you probably remember me from the last time that I was here and we were talking about the situation in the Controller's Office with regard to the conversion of MUNIS and how that affected your ability to reconcile and what needed to be done in order to correct that.

What I want to give you an update on, a quick update on is individually, each component of that project. That project has what we've defined as five parts. Part one is reconciling January through September of 2012. That is information that is...was processed and contained under the old set-up of your MUNIS accounting system.

Part two is we have an open project with regard to Utilities under the category of a cash versus accrual accounting and that is in response to some comments from the State Board of Accounts last year about wanting the Utilities to provide cash-basis information to them for audit, which is essentially the money in and the money out, versus the equal requirement of the Utilities being 20 plus million dollar entities of being able to do accrual accounting so that everybody understands what your assets are, what your liabilities are, how much debt you have and that kind of information.

The third project is the State Board of Accounts Annual Report through Gateway. This is a prescribed process. The State Board of Accounts has a tool called Gateway where all units of government, not just Evansville, submit information to them through this product and your software needs to work with that product and be able to upload financial information into Gateway so the State Board of Accounts has a basis for an audit. Last year the City provided that information out of MUNIS, summarized in an Excel spreadsheet that reconciled to MUNIS and then uploaded information from Excel into Gateway. The State Board of Accounts did not like that approach so we have a project to try to address their concerns.

The fourth project is the October and After project. In early October, we came down, with MUNIS, and we removed all the wiring of your accounting system, for lack of a better term, and replaced it with wiring that works. What that does is allow you to reconcile banking information between your ledger; your bank statements and the MUNIS bank reconciliation tool.

Finally, audit preparation. The 2012 audit is coming up. All the issues that we talked in about in items one through four have to be addressed and satisfactorily resolved in order to get through that audit.

So there are five different concurrent projects and all have to happen, all have to be managed in order to make this thing work so let me give you a couple of specific updates.

On the January to September project, that is by far the most difficult project. When we spoke last, the status of completion was that the City, the City's resources were going through January to September information to clear and reconcile as much information as they could. They have completed that so we are back looking at that information, finding what else is out there that needs to be reconciled and going through that information. There is a resource from my office that is here today, or was here today, will be here tomorrow and will continue to work on that to try to find those remaining items. In total, what we have determined is that the unreconciled amount for January through September is about 1.5%. Now, 1.5%, depending on what numbers you're talking about, may be a big deal or may be a little deal. Our viewpoint on it and the Controller's Office's viewpoint on it is that we are going to continue to look for the amount until we either get to zero or until we absolutely have to issue the Annual Report. So if we have to issue the Annual Report today with a 1.5% variance then what's going to happen is we are going to have to make a determination, not us, the auditors are going to have to make a determination of is that material. I can't answer that question for you today because that's an audit process; it's not a Dan or an Umbaugh process. But our goal is to continue to, from now through the time to issue that report, to continue to work to zero-out that variance.

Now from October 1 through today, you are in a new environment. Your reconciliation, your financial information is all set up to be reconciled through MUNIS by using the MUNIS bank reconciliation program and that's working very successfully. You have roughly 26 separate reconciliations that you have to do each month. For October of 2012, all the reconciliations are complete. What that means, I want to be very careful about this, what that means is that we can prove the cash activity that went in and out of your accounting system for October and we can account for everything. There are some reconciling items. In other words, some punch list things where, for example, on a bank statement there may be a returned check that we have to go ahead and account for in the ledger. There are those kinds of things but for all of your major accounts, we've been able to go through and identify what happened in October. We've been able to replicate that for many of your accounts in November and we've started on some December reconciliations on some of the accounts.

So, what that means is that the worst part is quarantined from January to September. Going forward, you have the ability to reconcile through your accounting system and through the tools that you have within your accounting system. So I want to make sure that we emphasize that that's pretty good news. There are no streamers, there are no bells, and there are no parades but that's a big deal. It's a big deal because you haven't been able to do that since day one since you've been on the accounting system.

So going forward, we don't anticipate any more reconciliation problems. The issues that we have are truly quarantined to the January to September time period, which was under the old set-up.

Under the utility cash versus accrual project, we are investigating several alternatives. One of the alternatives we are investigating is looking at a product that MUNIS has which is called a GASB 34 Report Writer. What a GASB 34 Report Writer does is it takes information out of your accounting system and formats it in a way that allows you to present information in a manner that the auditors would expect to see on a GAAP basis. We are looking at that because what that would allow us to do potentially is take all the monthly accruals for the Utilities out of MUNIS, which would satisfy the State

Board of Accounts from a regulatory reporting perspective and put it into a report writer that allows the Utilities to also satisfy the rest of the world. So with this tool, the Utilities can serve a dual purpose: satisfy their board with full accrual financials, satisfy the bond market with full accrual financials, and satisfy the State Board of Accounts with the checkbook and cash-basis approach. Does that make some sense?

Now, in the evaluation of that product, there are other factors we have to consider, and in fact MUNIS is on-site today and tomorrow and we are going through all of those.

On the Gateway...SBOA Annual Report Gateway project, the key there is working with the State Board of Accounts to find out what they will accept because MUNIS does not have a direct link into Gateway. So without a direct link into Gateway, we have to use something in order to get the information there. The best tool that we have as accountants is Excel. We can download information, summarize it, and put it into Gateway. So we'll talk to the State Board of Accounts and walk them through what we want to do and try to get their sign-off before the Annual Report is issued.

I think I've hit on all the highlights that I wanted to hit on. Can I answer any questions for you?

Councilman Friend: What's the *(Inaudible)* ... what's the 1% in the way of quantified number?

Dan Hedden: About 1.17 million.

Councilman Friend: 1.17 million.

Dan Hedden: Yeah well actually, 1.17, yes. And as I said, we are going to continue to research that. We do have...

Councilman Friend: Is that right up or down?

Dan Hedden: Gosh, why do you ask that? It is the...

Councilman Friend: Well, in other words...

Dan Hedden: You can get the numbers. I haven't necessarily looked... the information in the bank is longer than the information on the books so we have more money in the bank than we do on the ledger. I'm going from memory on that but I believe that's the case. I just look at it as a variance; I don't necessarily *(Inaudible)*.

Councilman Friend: Have you brought the SBOA to look at the reports we have today for them to look at an interim period of time? Because we talked about this before.

Dan Hedden: I have not personally met with the State Board of Accounts, however, I know the Controller's Office has and I'd be happy to meet with them in a pre-audit meeting if that can be arranged. I don't have the authority to set that meeting but I'd be happy to participate in it.

Councilman Friend: From the standpoint of what the new pronouncement of the City is going into the GASB 34 arena, are we going to stay with the regulatory statements? We don't plan to go out on the City side and try to do that GASB 34, do we?

Dan Hedden: Well, the Controller's Office still has to evaluate some information and the issue is that the state, at some point, will come to you and say, "How do you want to be audited?" Do you want to be audited on a regulatory basis, which basically means cash in, cash out, checkbook, or do you want to be audited on a gap basis, which means financial statements that look like financial statements that you see anywhere else in the United States and that they comply with GASB 34.

There are some nuances in there that we won't get into but the determination of that is going to depend on a couple of things. One, the meetings that we are having today and tomorrow with MUNIS about the GASB 34 Report Writer to make sure it's going to meet your needs and to make sure it is going to produce that information because what the State Board of Accounts needs from us right now is a cash basis version of GASB 34, which as you know means that accruals that we would normally do on a GASB 34 set of basic financial statements in order to show the assets of the City, the liabilities of the City, we wouldn't be doing those so we've got to evaluate that.

Councilman Friend: When I was talking to the State Board, one of the things we thought about that is called OCBOA, OCBOA approach to this GASB 34. We trying to find out, I guess, to see if the AICPA and the GASB people go along with the OCBOAs. I mean, do you see any problems with that?

Dan Hedden: What you are asking me to, I think, what you are asking me is will the Government Accounting Standards Boards take issue with the fact that the State of Indiana would not require units to do full accrual accounting for cities this size. My suspicion is that what they will say, GASB, the federal agency, what GASB will say is that we have already made our opinion known that a community with revenues of your size and population of your size should be doing full accrual financials. Full accrual financials. In other words, comply with the GASB model as written.

Councilman Adams: *(Inaudible)*

Dan Hedden: That is the GASB model.

Councilman Friend: That's the GASB, yeah.

Dan Hedden: And in defense of the State Board of Accounts, I think I touched on this before, it's very difficult with the resources they have to do a full GASB audit and we get that. I think we understand that. So the question that the State is pursuing and what they are trying to resolve is, is there some middle ground here. They don't have the resources to do what GASB, or to audit what GASB would like to see, in other words, something that looks like everybody else in the world, but we can get down the road or we can get from a starting point of zero to an ending point of full accrual. We can get about half way and the question that they are trying to resolve, the State Board of Accounts, is what would GASB think of that. As I said, my suspicion is that GASB will say, "Well, we have already stated what our position is", and they are going to want us to go to the full model.

Councilman Friend: (*Inaudible*) at least participate in trying to make the next budget look like something we can read. And I'm just wondering if this body can't suggest, at least this individual, can't strongly suggest that you go all the way, that have a GASB report and not screw around because a lot of communities, Napa Valley is one thing you ought to look at and there is a place up in Maine that looks like...really, it would be nice to look like everybody else. And if we don't have the people, maybe we need to get the people. If you don't have the software, we need to get the software. But I've been playing with this thing now for three years and it seems to me, fortunately, this administration is finally, hopefully, is going to do something about it. So I would strongly...I personally suggest, I don't know about my colleagues, that we go all the way with the GASB thing. I really don't want to hear halfway, play around, we are not sure, and we haven't got the stuff because we've been doing that for years.

Councilman O'Daniel: Well let me, I mean does the MUNIS software, I mean this is just an add-on to what we already had, right? I mean we are not talking about going out and buying a whole new software program.

Dan Hedden: No, your...the interesting thing is your software is better equipped to comply with GASB than it is with the regulatory basis reporting model of the State.

Councilman O'Daniel: And are we going to be able to pick which, whether it be the accrual or cash method once we get through this particular audit?

Dan Hedden: If you do a CAFR, Comprehensive Annual Financial Report, if you do a CAFR and if that CAFR is submitted to review by the Government Finance Officers Association, it will have to be full accrual. Now I can't put words into the Controller's Office' mouth but it's my understanding that they've already stated that they want to do a CAFR. The City used to do a CAFR for years and the City had to get away from it because of changes at the State. So the desire is to go back to a CAFR. Your software, your MUNIS software, puts you in a position to be able to do that and the GASB 34 Report Writer that we are talking about today and tomorrow is the tool that will allow that to happen.

Councilman O'Daniel: We are talking about that in the Water Department.

Dan Hedden: Well it's Water Department and the City.

Councilman O'Daniel: And the City as well.

Dan Hedden: Yeah, it wouldn't make any distinctions between the Water and the...

Councilman Adams: So we are going to do that?

Dan Hedden: That is the, well, maybe I should actually just confirm. Is that the boss of the Controller's Office?

City Controller Lloyd: Russ Lloyd, City Controller. That's the goal. Whether we can get it done for the 2012 state audit remains to be seen and that's what we are looking at right now.

Councilman O'Daniel: What would be the implementation of that?

City Controller Lloyd: Before the audit where the State comes in and audits our 2012...

Councilman Adams: Well I'm looking down the road, as you and I know, about...

City Controller Lloyd: The goal is to do a CAFR so the City would be full accrual or modified accrual.

Councilman O'Daniel: How fast could that we done? I mean if the software were implemented tomorrow, I mean that's awfully soon but, you know, are we talking about...is it input data to get to that point or can it be just hit a button and it just converts it?

Dan Hedden: My opinion? Realistically, 2013 is the first year you would be able to do a CAFR. 2012 is not realistic given the other four projects that we are working on. And that's based on the resources you have, the time that is available between now and when that would need to be done. It's almost mathematically impossible. It wouldn't have been mathematically possible if you had asked me this last January. We think the first year would be to use 2013 to correct your processes, get through these five projects that we have and then with 2013 is done, we can produce information that can then be converted to the GASB model. That initial conversion is...

Councilman Adams: Can we cut to the chase and just ask you when and if we start to get the budget next summer, can we not have it be a morass? Can it be something we can understand?

Dan Hedden: You are hitting on something that I stump on a lot as well. The budgets that you prepare, that the City prepares, they are prescribed forms.

Councilman Adams: *(Inaudible)*

Dan Hedden: They are prescribed forms from the State of Indiana. None of you get to pick what the forms look like that have to be submitted to the State through Gateway, but you can take that information and turn it into something that is more useful. And that's, I think, if I may interject, I think that's where you are going with it. If you look at the prescribed form, yeah, they don't make a lot of sense and I could go on for hours about...

Councilman Adams: I have.

Dan Hedden:...parts of these that don't make sense. But, yes it can be done differently and summarized in a book that's more for management use.

Councilman O'Daniel: But MUNIS doesn't talk with Gateway and vice versa.

Dan Hedden: Gateway doesn't talk with anybody. Let's start there. MUNIS has to develop a tool to take information directly out of MUNIS and up into Gateway. They are not unlike any other vendor; all vendors have had to deal with that. Where they are in their development process, I'm not...I don't have an update for you on that, but until that update is there, we are going to have to use an alternate method

and the State Board of Accounts is going to have to accept that or else we won't be able to issue anything to Gateway.

Councilman O'Daniel: I want to change *(Inaudible)* a little bit because you talk about the variance. Everything is reconciled for 2012, right? January through September is reconciled but there is a variance of 1.17 million, to our favor.

Dan Hedden: By my *(Inaudible)* I'd say it is not reconciled.

Councilman O'Daniel: Okay

Dan Hedden: It's 98.5% reconciled.

Councilman O'Daniel: And I guess this is maybe...I'd like to know this is sanctioned because over the past, let's just call it six months, we've been told that months on end are being reconciled and they are being reconciled. Maybe I want to know what your distinction of reconciled is and what the...if you don't consider it reconciled, how are we accounting for the difference between what the bank shows and what the software is showing?

Dan Hedden: Okay. My definition of reconciled is going to be pretty textbook. Reconciled means that I've got a total from a financial institution, a bank, and when I take that information and adjust it for outstanding checks and deposits in transit, that information and the information that it says on my ledger is the same number. Now, sometimes that number, I have to do some adjustments to get to that number but I know what every single one of those are to the penny. As long as I know that then I consider that reconciled. What I don't know...

Councilman O'Daniel: *(Inaudible)* adjustments to make sure that we are to the penny, so to speak, and how is that reflected in our accounting. I mean do we have a miscellaneous fund where you're throwing in cash just to make it balance or a different fund or what's going on with that?

Dan Hedden: No. No, if there is a reconciling...best example, the easiest example I can think of is when we get the bank statement and we look at the ledger, usually the only thing...if everything is perfect the only thing that is going to be different is interest because we are not going to know necessarily what the interest is until you actually get the bank statement in your hand. So when you get that information and your book information, you're going to be off by interest. Well I would say that I can reconcile that. That's reconciled but I've got to go through a process to post the interest income. So that process...it's not parked in a fund or anything like that. What happens is that...

Councilman O'Daniel: *(Inaudible)*

Dan Hedden:...No, we do not. The \$1.17 million is an example of where I can look at information that's on the bank statement with outstanding checks and deposits in transit that your folks have prepared, and I can look at information on the ledger, and I've got adjusting items that I've known, that I know, and there is still \$1.17 million, 1.5%, that I don't have a definition of that yet.

Councilman O'Daniel: What are the adjusting items?

Dan Hedden: I don't know them yet.

President Robinson: *(Inaudible)*

Dan Hedden: That is the unreconciled amount.

Councilman O'Daniel: Russ, I mean, how have you done that in order to...because I think it's your word in reconciling and maybe that's different than Dan's here, but how are you reconciling it and are you making adjustments to the bank value versus the book value?

City Controller Lloyd: Okay, the \$1.17 million is the MUNIS reconciliation using their software. We have also been reconciling outside the software, which we have to do from January to September because we didn't change over until October 1, so those numbers are less. October was roughly \$400,000 and that's going down. Mainly, a lot of the entries, the problems are what I mentioned before, some of the payroll entries. We were subtracting the tax payments from the bank statement but were not subtracting them from the books so the money was kind of piling up. That's why we are showing more...I mean that's one of the reasons. There are other adjusting entries but why we're showing more in the books than what we are showing at the bank.

President Robinson: I thought the bank had more than the books had.

City Controller Lloyd: Oh no, we're showing... *(Inaudible)*

President Robinson: Yeah, the bank has what, \$1.7 million...

City Controller Lloyd: \$1.1 million

President Robinson: \$1.1 million and that is for the nine-month period from January. Okay, so what does your system show if the bank shows...what do your books show?

City Controller Lloyd: We are showing that the bank has more.

President Robinson: Well what are you showing that you have?

City Controller Lloyd: For the end of October I was like \$400,000.

President Robinson: So it's really between the four...

City Controller Lloyd: And that was done manually through Excel.

President Robinson: So when you reconciled, were you able to, Dan, were you able to reconcile October? Did it balance with what the....

Dan Hedden: Yeah, we are able and were able to reconcile October for all bank statements, all 26 banking relationships of the City.

President Robinson: And how long did it take you to do October?

Dan Hedden: I didn't do all of it myself, much of it was done by your resources, but I'm going to estimate that the reconciliation hours for the 26 statements for October were 25 to 30 hours. The reason for that is some of your accounts are pretty big and involved. In November that time goes down a little bit because you've got a little bit of...I'm searching for a word...a little repetition.

President Robinson: But have you reconciled November?

Dan Hedden: For November Utilities, I've reconciled November ONB, November Bank of New York, November City, your resource in the Controller's Office reconciled, she shared those work papers with me today and I need to review them tomorrow.

President Robinson: So we have to have all this completed by February 15, I think.

Councilman Friend: Well, knowing what it is it would take...if you could get that crosswalk in we talked about, okay, the computer could really pick that up and post into the Gateway very quickly, probably in a day or two. If they don't have that, the State Board thinks you could take a couple of weeks to get that on board is what they're saying.

Dan Hedden: If there was a button we could push in MUNIS to upload into Gateway, it takes literally (*snap of fingers*) that long.

President Robinson: And I think Friday, isn't our meeting with Russ and Dave Garrett, wasn't that his suggestion that some kind of program to...

Councilman Friend: That's what he talked about. He referred to it as crosswalks to try to get that...

Dan Hedden: (*Inaudible*) last year

Councilman Friend: He did it last year but the State Board didn't like the Excel approach to it.

Dan Hedden: What other approaches are there?

Councilman Friend: I don't know.

Dan Hedden: That's kind of my question to them...do you want me to put in Word?

Councilman Friend: I don't know, I mean...

Dan Hedden: And that's the point. Last year was the first year that the State Board of Accounts audited MUNIS so there was a learning curve that they needed to and had to go through at the same time that they had time pressure and I think that that was a factor.

Councilman Friend: I think they had problems with that...

Dan Hedden: External factors

Councilman Friend:...keeping that...a period of 13 open caused some problems.

City Controller Lloyd: One other thing. As I had mentioned, the Utilities spun off their own bank accounts July 1st so the outage in MUNIS, a chunk of that is also the utilities because while they've cleared all their checks and deposits, some of that still has to be reconciled as well. We know there were payroll entries made in the City's account that should have been charged to Utilities so there are some things going back and forth that have to be adjusted and these will affect the outage in October, you know, like *(Inaudible)* as we're finishing that up.

Councilwoman Brinkerhoff-Riley: Like I'm not an accountant and so tell me if I'm wrong because this is the best I can sort of estimate in terms of what's happening in layman's terms but it appears that we are in some sort of race against time, that there are reconciliations that have not been completed, that basically, in order for us to submit our budget for 2013 to the State Board of Accounts for approval, we have some recon...I guess because it has to do with how we get to that starting and ending amount, we have work that is yet to be done. Even if we get it done right now there is no good method to actually upload it into the State Board of Accounts system. It's my understanding in this sort of race against time that we have five or six weeks to sort of finish these projects and then either get the State Board of Accounts to accept an Excel version upload or come up with some sort of software or other type of method, which it doesn't sound like is easily sort of, you know, picked up at Best Buy. We've got to get all of this to work and we've got about five weeks to do it or we run the risk of at least having some issues with our introductory balance when audit time comes which historically has been in the spring. So all these things are sort of totaling together at once but we are sort of into crunch time or we could have another negative opinion by the State Board of Accounts. That's sort of a family law attorney's idea of sort of what's going on. Is that anywhere near what's happening?

Dan Hedden: I agree with your translation.

City Controller Lloyd: I'm trying to...from what I recall from last year, we hand-entered all the balances into Gateway and I'm thinking it took three or four days so to get that in by the due-date...

Councilwoman Brinkerhoff-Riley: That's using Excel, is that correct?

City Controller Lloyd: No, that was just entering it into the system...

Councilwoman Brinkerhoff-Riley: Hand-entering. Okay, so there's...

City Controller Lloyd:...based on our balances

Councilman Friend: One thing I need to ask you Russ is this, if we are going to go to the GASB 34, which I know we need to move there, and it's going to be a 2013 deal, okay, we have to make sure we have the beginning balance summed up on that. Now here's one thing we've got to talk about is GASB 45. Are you going to the *(Inaudible)* on that number? We've got to get that going, do we not?

City Controller Lloyd: Well the State PERF, they do their own, but I think City Police and Fire Retiree Health would be what we'd have to do so we'd have to look at that.

Councilman Friend: GASB 45 is becoming...basically the present value, today, of all the people we have in the future for health care. Yeah, and believe or not, that will be a big number.

Dan Hedden: Typically it is, yeah.

Councilman Friend: Yeah, it'll be \$400,000,000.

Dan Hedden: And where GASB 45 is that you have to have some actuarial number and the State can't provide that for you so you're going to have to contract with somebody to do it. Depending on your number of employees, you are going to fall into one of two buckets on that actuarial study. One bucket is pretty affordable and relatively quick. The other bucket is more involved and will take a long time and probably will cost more. This is one of those unfunded mandate things. You've got to have it and you need it regardless of whether you have the full GASB model or not or even if you stay with the State model. This information is important to know. It's important to know for *(Inaudible)* reasons as an aside. Those standards are in effect now and the City will need to consider some actuarials to help you with that project.

Councilman Friend: By the way, one other thing too. Do we have our fixed assets up to date?

City Controller Lloyd: Yes and those are being adjusted in MUNIS but they are all loaded in. I wanted to answer Councilwoman Brinkerhoff-Riley question. We didn't get December 31, 2011 balance completely with the bank statement until September so since then I can see us making a tremendous amount of progress. Obviously, we are facing these deadlines and it's our intent to get a clean opinion from the State Board of Accounts so we are going to do what it takes to get that done.

Councilwoman Brinkerhoff-Riley: You know it seems that I just, and I don't mean to be critical so much as just make sure I understand when I get asked at the grocery store, you know, because I'm sure sometimes what is...what we talk about here is not real meaningful to people who are watching from home. I just want to make sure I understand sort of what we are looking at. Frankly, given the situation that we are in, it sounds like you are doing everything you can possibly do so I'm not sure I have, you know, it's been a long but it seems like that October 1 really was a big deal in terms of moving us forward with the problem. But, I mean, taking 25 or 30 hours to reconcile a month sounds like, I mean, you know, almost like a new employee. I mean is that how the software is designed to work? Is it supposed to take 30 or 40 hours to do a monthly reconciliation?

City Controller Lloyd: No. I mean as Dan said, that was the first month and we were learning a lot of things as we did it so those times will be driven down.

Councilwoman Brinkerhoff-Riley: Is this software that we talk about buying to help Water & Sewer, is this also a Tyler Technology software package?

City Controller Lloyd: Yes and we already have it. GASB is Government Accounting Standards Board.

Councilwoman Brinkerhoff-Riley: Yeah, I understand basically it picks the data and creates a form for you but I'm just curious. It seems to me that we have struggled to get...we have paid a good deal of money to Tyler Technologies for support that doesn't seem to have been all that spectacular, and maybe that's just my opinion from the outside looking in, and I'm wondering why we would be...I mean is it just one of those deals where it's so much cheaper if we buy an addendum product from them because I'm wondering why we would purchase any additional software from this company.

City Controller Lloyd: Our license with them I think was five-year and it just makes sense. One of the selling points of Tyler Technology MUNIS software was the Utility wouldn't be on their own software. They would be with the City and there would be a lot of efficiencies to do it that way.

Councilman Friend: Russ, one thing though. We will have an adverse opinion this year because I foresee we are going to have a...we are going to do a regulatory audit, which will be fine. We'll be clean on that one but the State Board will have to give us an adverse. Now that's not on the GAAP audit so I...

City Controller Lloyd: Well that's why, I mean when I talked to the State Board, they indicated you could do a GASB 34 cash that would pass GAAP so that's what we are looking at. We can pull all that together and get that done for 2012.

Councilman Friend: We need to let the public know this is not the end of the day because we still have, from a consistent standpoint; we are still going to have the audit based upon regulatory basis. And there is probably more than not, most of the audits that the State Board is doing currently, they are doing on that side of the GASB, they are doing an adverse.

City Controller Lloyd: Right. In prior years, they didn't look at these cities and counties based on General Accepted Accounting Principles, GAAP, but now they are. We are going to do everything we can to avoid that. They also indicated that 90% of the people they audit, including schools, won't care if they get an adverse on GAAP.

Councilman Friend: I mean have we talked to underwriting? Is this going to be a problem if it does happen?

City Controller Lloyd: We haven't talked to underwriting yet because we haven't...

Councilman Friend: We haven't got there yet.

City Controller Lloyd: We haven't got there yet and my intent would be not to have an adverse on GAAP.

Councilman Weaver: Here is what the taxpayers should find irritating. We...didn't we have some sort of audit with Harding & Shymanski in October, 2011 and your company is coming now. And then we, as a body, hired Garrett to look into all this. Mr. Danks, is there any way we could go back on Harding & Shymanski for maybe not doing what they did...what they were supposed to do when we had to have...what company are you with?

Dan Hedden: Umbaugh

Councilman Weaver: Yeah, we had to have...when is your contract up and how much are we paying you?

Dan Hedden: My contract doesn't have a termination date. It's a *(Inaudible)*. And how much are you paying us? I don't have a raw total but actually I think that was *(Inaudible)*. I mean I can provide that I just don't have it off the top of my head.

President Robinson: How much did we pay Harding & Shymanski?

Councilman Friend: \$76,000.

President Robinson: For what period of time?

Councilman Friend: From...we paid that from July, end of July, 2011 through March of 2012.

Dan Hedden: That's Harding & Shymanski?

Councilman Friend: Harding & Shymanski.

Councilman Weaver: Yeah, I don't *(Inaudible)* then we hired you.

President Robinson: And now we are paying him how much?

Dan Hedden: As I said, I don't have the total...

President Robinson: Russell, do you don't have much that contract is for?

Councilman Friend: Count up to tonight.

Dan Hedden: What's that?

City Controller Lloyd: Well, I mean they have differently hourly rates in the roughly \$200 range, something like that.

Councilman Weaver: Now Dan, is the Controller's Office being...are you getting all the information you need from the Controller's Office? Timely and...

Dan Hedden: Yeah and let me speak a little bit about the division of duties, quickly, because I know we are...I'm well over my 10 minutes, or maybe I'm an 9 ½, I'm not sure. The way that we have attacked this project is for information that can be completed at the Controller's Office, that's where it's been completed. That's information that we could do but there comes a point, budgetary concerns...do you want to spend on outside resources to do it or do it internally. To do it internally, the benefit is that they learn. So we've done that with the bank reconciliations, with the hardest part of the bank

reconciliations. We are to the part now where we've got to bring it all together and look at it and find what's left. That's the part we are doing.

On all these projects, my role is to coordinate it and provide resources when and if necessary but mostly to coordinate your resources, to give them tasks and help them through those tasks so that they can be achieved with local resources, not with me and not necessarily with my resources.

Now, in any one of these projects, we have people that can step in and help and as we are getting down to this 11th hour in this race against time, you are going to see more of us. But the way that we've approached this is to try to leverage your resources as much as possible to keep the overall cost as low as possible.

Councilman Weaver: So it sounds like they are being cooperative with you.

Dan Hedden: Oh yeah.

Councilman Weaver: What I'm hearing through the grapevine is, are you being cooperative with our representative, Mr. Garrett. Are we getting information...is this body getting what we need from the Controller's Office?

City Controller Lloyd: Well I would say yes. I mean we provide whatever he requests.

Councilman O'Daniel: *(Inaudible)* Controller's Office but perhaps DMD. I think there was an issue recently with that. Has that been addressed with Mr. Garrett?

City Controller Lloyd: We had a meeting today to talk about that with the City Attorney, your attorney and some of the Council members.

Councilman O'Daniel: Was Mr. Garrett satisfied with the resolution of that?

City Controller Lloyd: I would defer to Mr. Friend.

Councilman Friend: Mr. Garrett couldn't make it but the issue is being resolved. We are trying to get a protocol down, knowing that we need...the administration is requesting we have one source of asking for data. There is a reason behind that and that's what we are trying to set up. Things are going pretty good.

Councilman O'Daniel: Are we where we need to be?

Councilman Friend: I think we are going to be there, I think so.

City Controller Lloyd: Right, and we are doing what we can to try and provide him with information and I think Councilman Weaver, I would love for Umbaugh to be finished and not to be here next year. So I mean that's...they are doing a lot of good work for us and I don't, you know...

Councilman Weaver: Well I'd like to think that...

City Controller Lloyd: I don't get excited about paying consultants but...

Councilman Weaver: Well I like to think you have a competent staff and you, being a CPA, that might save some money.

City Controller Lloyd: Right. Thank you.

President Robinson: Okay, thank you. Is there anything else under Miscellaneous tonight? Okay, Committee Reports. Well first of all I want to thank Councilwoman Mosby and Councilman Dan for the outstanding job, Dan McGinn, for the outstanding job they did last year as A.S.D. Chairwoman and Public Works Chairman. Thank you.

COMMITTEE REPORTS:

A.S.D. COMMITTEE:

CHAIRMAN RILEY

Nothing scheduled at this time.

FINANCE COMMITTEE:

CHAIRMAN FRIEND

Nothing scheduled at this time.

PUBLIC WORKS COMMITTEE:

CHAIRMAN O'DANIEL

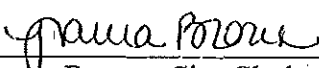
Nothing scheduled at this time.

ADJOURNMENT

President Robinson: Can I have a motion for adjournment?

Councilman Adams moved and Councilwoman Mosby seconded the motion to adjourn.
Voice Vote. So Ordered.

Meeting adjourned at 6:33 p.m.



Laura Brown, City Clerk



Constance Robinson, President